

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

MID-CENTURY INSURANCE COMPANY,)	CIVIL DIVISION
)	
)	Civil Action No.
Plaintiff)	
v.)	
CHAD WERLEY and JANE WERLEY, individually and as parents and natural guardians of LEVI WERLEY, a minor)	JURY TRIAL DEMANDED
)	
)	
Defendants)	

COMPLAINT – DECLARATORY JUDGMENT

Plaintiff Mid-Century Insurance Company, by and through its counsel, Margolis Edelstein, hereby brings this Declaratory Judgment Action pursuant to 28 U.S.C. §2201, *et seq.*, and avers as follows:

PARTIES

1. Plaintiff Mid-Century Insurance Company (“Mid-Century”) is an insurance company organized and existing under the laws of the state of California with its principal place of business located at 6301 Owensmouth Avenue, Woodland Hills, California 91367.

2. Defendants Chad and Jane Werley, individually and as parents and natural guardians of Levi Werley, a minor, are adult individuals residing in the Commonwealth of Pennsylvania at 8188 Leaser Road, Kempton, Pennsylvania, 19529-8970.

JURISDICTION AND VENUE

3. This Honorable Court has jurisdiction over this matter by virtue of diversity jurisdiction pursuant to 28 U.S.C. §1332 as the citizenship of the parties is diverse and the amount in controversy, exclusive of interest and costs, is in excess of \$75,000.

4. Venue in this judicial district is proper under 28 U.S.C. §1391 because a substantial part of the events giving rise to the claim occurred in this District, and the Defendants reside in this District as well.

RELEVANT FACTS

5. On June 29, 2019, Defendant Levi Werley, a minor, was operating a Yamaha YZ85 dirt bike (hereinafter “dirt bike”) off road on private property in Kempton, Pennsylvania while attending a party with his neighbors and friends who gathered regularly to go off-roading with their Jeeps and other vehicles.

6. Defendant Chad and Jane Werley owned the dirt bike occupied by Levi Werley, but they had neither registered the dirt bike nor purchased any policy of insurance for it.

7. While occupying the dirt bike with the permission of his parents, Levi Werley was purportedly struck and injured by a Jeep CJ-7 operated by Haley George who was then 15-years-old (hereinafter “Tortfeasor”).

8. At the time of the accident, Defendant Chad and Jane Werley were named insureds under a personal auto policy issued by Mid-Century with a policy number of 19180-15-76 and a policy period of 06/01/2019 to 12/01/2019 (hereinafter “Policy”). (A true and correct copy of said Policy is attached hereto as “Exhibit A”).

9. The dirt bike was not a named or listed vehicle¹ under the Policy or any other policy of auto insurance belonging to Defendants at the time of the accident.

10. Following settlement with the Tortfeasor, Defendants presented a claim for underinsured motorist (“UIM”) benefits to Mid-Century under the Policy for the subject accident.

¹ Pennsylvania courts have consistently found that a dirt bike qualifies as a motor vehicle under 75 Pa. C.S.A. § 102 of the Pennsylvania Motor Vehicle Code. See Burdick v. Erie Ins. Group, 946 A.2d 1106, 1109 (Pa. Super. 2008); Sona v. State Farm Mut. Auto. Ins. Co., 805 F. Supp. 2d 72, 76 (M.D. Pa. 2011).

11. Pursuant to the following language, the Policy explicitly excludes UIM coverage for bodily injury sustained while a named insured or their family member occupied a vehicle not insured for UIM benefits under any policy.

Exclusions that apply to Part II - Uninsured/Underinsured Motorist Coverage

Coverage under Part II does not apply:

* * * * *

4. To **bodily injury** sustained by you or any **family member** while **occupying** or when struck by any motor vehicle owned by you or any **family member** which is not insured for this coverage under any similar form. This includes a trailer of any type used with that vehicle.

(Exhibit A, Form 56-5750, p. 9).

12. The dirt bike occupied by Levi Werley at the time of the accident was not insured for UIM coverage because Defendants had never purchased any policy of insurance for it.

MID-CENTURY'S POLICY EXCLUDES UIM COVERAGE FOR DEFENDANTS' UIM CLAIM INVOLVING THEIR UNINSURED DIRT BIKE

13. Mid-Century incorporates by reference herein paragraphs 1 through 12 of its Complaint as if set forth at length herein.

14. This case is controlled by the holding of the Pennsylvania Supreme Court in Eichelman v. Nationwide Ins. Co., 711 A.2d 1006 (Pa. 1998).

15. In Eichelman, the plaintiff was injured by the negligence of an underinsured vehicle while riding his motorcycle. Id. at 1007.

16. After recovering the full bodily injury policy limits from the tortfeasor, plaintiff sought UIM benefits. Id.

17. However, he had waived such coverage under his motorcycle policy, so he sought them under two insurance policies with Nationwide belonging to his mother and her husband who lived in the household. Id.

18. Nationwide denied coverage under both policies pursuant to the household vehicle exclusion and, ultimately, the Supreme Court upheld the exclusion, finding that its language was clear and unambiguous. Id.

19. The Supreme Court denied that the household vehicle exclusion violated public policy, but rather furthered the intent of the Pennsylvania Motor Vehicle Financial Responsibility Law (“MVFRL”) of curbing escalating auto insurance costs. Id. at 1008.

20. Thus, the Supreme Court concluded:

[T]hat a person who voluntarily elected not to carry underinsured motorist coverage on his own vehicle is not entitled to recover underinsured motorist benefits from separate insurance policies issued to family members with

whom he resides where clear and unambiguous 'household exclusion' language explicitly precludes underinsured motorist coverage for bodily injury suffered while occupying a motor vehicle not insured for underinsured motorist coverage.

Id. at 1010.

21. In a non-precedential opinion, the Third Circuit Court of Appeals recently confirmed that the household vehicle exclusion remains enforceable under Eichelman where a plaintiff seeks UIM benefits for an accident in which he or she was occupying a vehicle not insured for UIM coverage. Dunleavy v. Mid-Century Ins. Co., 848 F. App'x 528 (3d Cir. 2021).

22. As explained by the Third Circuit in Dunleavy, such a scenario is markedly different from the scenario in the well-known case of Gallagher v. GEICO Indem. Co., 201 A.3d 131 (Pa. 2019), which involved the household vehicle exclusion circumventing the requirement of a written waiver of stacked UIM benefits under §1738 of the MVFRL. Dunleavy, supra.

23. However, where the vehicle occupied by the plaintiff at the time of the accident is not insured for UM/UIM coverage, stacking under §1738 is not implicated. See also Erie Ins. Exch. v. Mione, 253 A.3d 754 (Pa. Super. 2021) (affirming Eichelman is "still good law because Eichleman and Gallagher addressed...two factually different circumstances"); Erie Ins.

Exch. v. Sutherland, No. 1113 WDA 2020, 2021 Pa. Super. Unpub. LEXIS 1787 (July 7, 2021).

24. Here, as in Eichelman and Dunleavy, Defendants did not pay any premium for UIM benefits for the dirt bike occupied by Levi Werley at the time of the accident, yet now seek recovery of UIM benefits under the Policy, which expressly excludes such recovery for a vehicle, like the dirt bike, not insured by any policy providing UIM coverage.

25. Based upon the above exclusionary language of the Policy, the Defendants had no reasonable basis to expect UIM coverage for the dirt bike². See Hall v. Amica Mut. Ins. Co., 648 A.2d 755, 761 (Pa. 1994)("[T]here is a correlation between premiums paid by the insured and the coverage the claimant should reasonably expect to receive").

26. Defendants never paid any premium for UIM coverage for the dirt bike, nor informed Mid-Century of its ownership or use, especially its

² On the date of the accident, Mid-Century underwrote a second personal auto policy for the Werley household (Policy No. 19612-65-17) insuring a single vehicle. This policy contained a household vehicle exclusion markedly different from the household vehicle exclusion under the Policy now at issue. Mid-Century concluded that UIM coverage was not excluded under the single-vehicle policy and consequently tendered the policy's \$250,000 UIM limit to Defendants. The existence of this second household policy under which coverage was accepted is a red herring and does not alter the material fact that the dirt bike Levi Werley was occupying at the time of the accident was not insured for UIM benefits under any policy.

operation at off-road Jeep parties where unlicensed drivers would be unlawfully operating motor vehicles.

27. Yet, Defendants now seek to void their voluntary election not to insure the dirt bike by seeking UIM coverage under the Policy, which expressly excludes it.

28. Simply put, Defendants seek something for nothing and permitting them to obtain coverage under the Policy for a vehicle they never paid any premium to insure for UIM benefits is contrary to the cost-containment objective of the MVFRL.

29. Accordingly, Mid-Century respectfully requests that judgment be entered in its favor, declaring it has no duty to provide UIM coverage under the Policy to Levi Werley for the subject accident.

30. As required, an actual case or controversy exists pursuant to 28 U.S.C. §2201 as Defendants have made a claim for UIM benefits under the Policy for the subject accident.

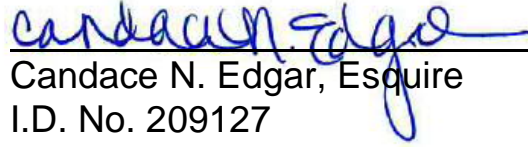
WHEREFORE, Plaintiff Mid-Century Insurance Company demands declaratory judgment in its favor together with interest, fees, and costs and any other appropriate relief this Honorable Court deems necessary.

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Respectfully Submitted,

MARGOLIS EDELSTEIN

By:



Candace N. Edgar, Esquire

I.D. No. 209127

3510 Trindle Road

Camp Hill, PA 17011

(717) 760-7504 – T/F

cedgar@margolisedelstein.com

Counsel for Plaintiff

Date: December 23, 2021

EXHIBIT A



Farmers Insurance
PO Box 2602
Grand Rapids MI
49501-2602

August 1, 2019

Insured: Chad Werley Jane Werley
Policy Number: 19180-15-76
Claim Number: 3013060117-1-1
Loss Date: 6/29/2019
Policy Term: 6 Months

- ☐ Attached is a certified true copy of the original information sent to the insured.
- ☐ Attached is a certified true copy of the original declarations page, policyback and endorsements.
- ☒ Attached is a certified true copy of the original declaration page. The attached policyback and endorsements did not mail with this declaration page, but are included as requested.
- ☐ Attached is a certified true copy of the original declaration page only.
- ☐ Attached is a certified reconstructed copy of the declaration page only.
- ☐ Attached is a certified reconstructed copy of the declaration page, policyback and endorsements.
- ☐ Attached is a certified reconstructed copy of the cancellation.
- ☐ Attached is a certified true copy of the original cancellation.

Any additional Declaration Sheet(s) included with these documents labeled as "change or change-misc." may reflect a mid-term change in the policy and therefore a time period of less than the original policy term, however the dates reflect the most current policy information on file, up to and including the date of loss for the above-referenced claim.

JUSTIN PRADEL
831 CONESTOGA RD
BRYN MAWR, PA 19010



Auto Insurance Renewal

CHAD WERLEY
JANE WERLEY
8188 LEASER RD
KEMPTON PA 19529-8970

4/5/2019

Dear Chad Werley and Jane Werley,

Thank you for choosing Farmers for your automobile insurance needs. We appreciate the opportunity to provide continued coverage for you and your family.

As a reminder, your policy includes **Accident Forgiveness**, **Incident Forgiveness**, and **Guaranteed Renewal** at no additional cost. You earned these benefits on a previous renewal in recognition of your excellent claims history and continued business with Farmers. For more information about how these benefits work, refer to the *Farmers Auto Rewards* endorsement(s) on your policy or contact your agent.

Please review the documents that have been enclosed:

- ID cards
- Renewal Billing Summary
- Declaration page - a summary of your insurance coverages, limits, and deductibles.

A summary of your premium information is shown below.

Premium at-a-glance

Policy Premium	\$1,723.20
----------------	-------------------

If you prefer, you can log into farmers.com today to review your balance and make a payment. You can also contact us at 1-877-327-6392 or visit your agent's office with your payment.

Sincerely,

Farmers Insurance Group®

Your Farmers Policy

Policy Number: 19180-15-76

Effective: 6/1/2019 12:01 AM

Expiration: 12/1/2019 12:01 AM

Your Farmers Agent

Justin Pradel
831 Conestoga Rd
Bryn Mawr, PA 19010
(484) 362-0900
jpradel@farmersagent.com

To file a claim call
1-800-435-7764

Did you know?

Farmers Auto Rewards

Congratulations! You are now qualified for Farmers Auto Rewards and eligible to earn accident forgiveness, incident forgiveness or guaranteed renewal. Check your declaration page to see which rewards have been applied to your policy.

Farmers Friendly Review

Contact your agent to learn more about the policy discounts, coverage options, and other product offerings that may be available to you.

Go Paperless

Save stamps, time and trees....Go Paperless! You can choose to receive your Farmers policy documents and/or billing statement electronically. Enroll at farmers.com and choose the paperless options!



Auto Insurance Billing Summary

4/5/2019

Chad Werley and Jane Werley,

Your renewal balance is due by your renewal date - 6/1/2019.

You can pay now with the options displayed below or an itemized billing statement will be sent on 5/2/2019.

Your Account Summary

Current term remaining balance	\$0.00
Renewal Premium	\$1,723.20
Account balance	\$1,723.20

This is a summary and actual billed amount may change based on payment activity and future transactions. Changes made after April 5, 2019, will reflect on your statement.

Your Current balance includes a discount for paying in full of \$225.60



Payment Options

Save time and never forget a bill with automatic payments.

Sign up at farmers.com or contact your agent to set up automatic payments.

Your payment due will be automatically debited on your due date.

Pay online. Visit us at farmers.com.

Pay by phone. Call 1-877-327-6392 or contact your agent.

Pay your agent directly. Your agent can accept payment in a variety of methods.

Auto Policy

19180-15-76

Billing Account

W656340706

Your Farmers Agent

Justin Pradel

831 Conestoga Rd

Bryn Mawr, PA 19010

(484) 362-0900

jpradel@farmersagent.com

Billing Questions?

1-877-327-6392

7:00 am - 11:00 pm (CT) Mon - Fri

8:00 am - 8:00 pm (CT) Sat - Sun



Auto Insurance Declaration Page

Policy Number: 19180-15-76

Effective: 6/1/2019 12:01 AM

Expiration: 12/1/2019 12:01 AM

Named Insured(s): Chad Werley

Jane Werley

8188 Leaser Rd

Kempton, PA 19529-8970

werleys4@aol.com

Underwritten By: MID-CENTURY INSURANCE COMPANY

6301 Owensmouth Ave.

Woodland Hills, CA 91367

Premiums

Policy Premium **\$1,723.20**

This is not a bill.

Your bill, with the amount due will be mailed separately.

Household Drivers

All persons who drive or will occasionally be driving any of the cars on the policy should be listed below. If anyone is missing or needs to be added, such as a newly licensed driver, you should contact your agent or the company to add that person before they begin to drive any of the cars covered on the policy.

Name	Driver Status	Name	Driver Status
Chad Werley	Covered	Jane Werley	Covered

Vehicle Information

Veh. #	Year/Make/Model/VIN	Coverage	Deductible	Limit
1	2003 Chevrolet Truck Tahoe 4Door 4X4 1GNEK13Z83J308751	Comprehensive:	\$100	
		Collision:	\$500	
2	2013 Ford Truck F150 Super Pu 4X4 Super 1FTFX1EF8DKD50866	Comprehensive:	\$500	
		Collision:	\$1,000	
3	2003 Ford Truck F450 Chassis C 4X4 Drw 1FDXF47P83EC66859	Comprehensive:	\$1,000	
		Collision:	\$1,000	
4	1991 Ford Truck Ranger Pickup 4X4 1FTCR11A7MUC58823	Comprehensive:	\$100	
		Collision:	Not Covered	

Vehicle Level Coverage Items

Coverage	Limits (applicable to all vehicles)	Premiums by Vehicle			
		Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4
Bodily Injury Liability	\$250,000 each person \$500,000 each accident Full Tort	\$100.90	\$114.90	\$109.00	\$61.30
Property Damage Liability	\$100,000 each accident	\$60.90	\$56.30	\$148.50	\$39.90
Comprehensive		\$91.40	\$66.50	\$193.10	\$30.30
Collision		\$66.30	\$66.50	\$190.50	Not Covered

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Policy No. 19180-15-76

Questions?

Call your agent Justin Pradel at (484)

362-0900 or email

jpradel@farmersagent.com

Manage your account:

Go to www.farmers.com to access
your account any time!

Declaration Page (continued)

Coverage	Limits (applicable to all vehicles)	Premiums by Vehicle			
		Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4
Towing and Road Service		\$7.70	Not Covered	Not Covered	Not Covered
FIRST PARTY BENEFITS		\$23.90	\$15.90	\$26.80	\$21.80
Medical Coverage	\$5,000 each person				
Funeral Expense Benefits	\$2,500 each person	\$0.40	\$0.30	\$0.40	\$0.40
Income Loss Benefits	\$1,000 per month \$15,000 aggregate	\$7.90	\$5.30	\$8.90	\$7.30
Accidental Death Benefits		Not Covered	Not Covered	Not Covered	Not Covered
Combination Package		Not Covered	Not Covered	Not Covered	Not Covered
Extraordinary Medical Benefits		Not Covered	Not Covered	Not Covered	Not Covered

Policy Level Coverage Items

Coverage	Limits (for all vehicles)	Per Policy
Uninsured Motorist Bodily Injury-without Stacking	\$250,000 each person \$500,000 each accident	\$30.10
Underinsured Motorist Bodily Injury-without Stacking	\$250,000 each person \$500,000 each accident	\$169.80
Policy Premium		\$1,723.20

Discounts

Discount Type	Applies to Vehicle(s)	Discount Type	Applies to Vehicle(s)
Auto/Home	1, 2, 3, 4	Multiple Car	1, 2, 3, 4
Transfer	1, 2, 3, 4	Paid In Full	1, 2, 3, 4
Early Shopping	1, 2, 3, 4	Auto/Specialty	1, 2, 3, 4
Anti-Theft Dvce	1, 2, 3	Passive Restraint	1, 2

Other Policy Features and Benefits

- Accident Forgiveness - prevents one accident from impacting your premium
- Incident Forgiveness - protects your premium from increases due to minor traffic violations
- Guaranteed Renewal - claims activity will not lead to cancellation or nonrenewal

Policy and Endorsements

This section lists the policy form number and any applicable endorsements that make up your insurance contract. Any endorsements that you have purchased to extend coverage on your policy are also listed in the coverages section of this declarations document: 56-5750 1st ed.; J6284 1st ed.; J6887 1st ed.; J6934 1st ed.; J7204 2nd ed.; PA032 1st ed.

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Policy No. 19180-15-76

Questions?

Call your agent Justin Pradel at (484)
362-0900 or email
jpradel@farmersagent.com

Manage your account:

Go to www.farmers.com to access
your account any time!

Declaration Page (continued)

Other Information

- Total Citation/Accident surcharge for this policy is \$0.00.
- Vehicle 1,2,3,4 - Deductible waived if glass repaired rather than replaced.
- Go Green by logging onto Farmers.com or contacting your Farmers Agent.
- If this policy includes part G "Collision" coverage, then this policy covers "Collision" damage to rental vehicles ("non-owned auto") as described and limited by the terms of part G of the policy.
- Farmers Friendly Reviews are a great way to make sure you are receiving all the discounts for which you qualify, and identify any potential gaps in coverage. Contact your agent to learn more about the policy discounts, coverage options, and other product offerings that may be available to you.

*Information on Additional Fees

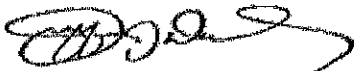
The "Fees" stated in the "Premium/Fees" section on the front apply on a per-policy, not an account basis. The following additional fees also apply:

- 1. Service Charge per Installment** (In consideration of our agreement to allow you to pay in installments):
 - For Recurring Electronic Funds Transfer (EFT) and fully enrolled online billing (paperless): **\$0.00** (applied per account)
 - For other Recurring EFT plans: **\$2.00** (applied per account)
 - For all other payment plans: **\$5.00** (applied per account)
- 2. Late Fee: \$10.00** (applied per account)
- 3. Returned Payment Charge: \$20.00** (applied per check, electronic transaction, or other remittance which is not honored by your financial institution for any reason including but not limited to insufficient funds or a closed account)
- 4. Reinstatement Fee: \$25.00** (applied per policy)

If this account is for more than one policy, changes in these fees are not effective until the revised fee information is provided for each policy.

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.

Countersignature



Authorized Representative

farmers.com

Policy No. 19180-15-76

Questions?

Call your agent Justin Pradel at (484)
362-0900 or email
jpradel@farmersagent.com

Manage your account:

Go to www.farmers.com to access
your account any time!



Personal Auto Policy

Index of Policy Provisions

Declarations

Your Personal Coverage Page is attached.

Insuring Agreement 3

Definitions Used Throughout This Policy 3

Your Duty to Report Changed Circumstances .. 4

No Coverage in Mexico..... 4

Financed Vehicles 4

Part I - Liability

Coverage A - Bodily Injury Coverage 4

Coverage B - Property Damage Coverage 4

Additional Definitions Used in This Part Only..... 4

General Statement of Coverage 4

Supplementary Payments 5

Exclusions - What Is Not Covered..... 5

Limits of Liability 6

Conformity with Financial Responsibility Law 6

Other Insurance..... 6

Part II - Uninsured Motorist/Underinsured

Motorist

Insuring Agreement Uninsured Motorist Coverage 6

Insuring Agreement Underinsured Motorist Coverage 6

Additional Definitions..... 7

Limit of Liability 8

Non-Stacked Limit of Liability 8

Limits of Liability applicable to Stacked and Non-Stacked

Coverage..... 8

Stacked Limit of Liability..... 8

Exclusions that apply to Part II Uninsured/Underinsured

Motorist Coverage..... 9

Other Insurance..... 9

Arbitration..... 10

Part III - First Party Benefits Coverage

Additional Definitions..... 10

Insuring Agreement - Basic First Party Benefit..... 10

Insuring Agreement - Added First Party Benefits 11

Insuring Agreement - Combination First Party Benefits 11

Warning..... 11

Exclusions that apply to Part III First Party

Benefits Coverage..... 12

Limit of Liability 12

Priorities of Policies..... 13

Other Insurance..... 13

Part IV - Damage to Your Vehicle

Coverage F - Comprehensive Coverage 13

Coverage G - Collision Coverage 13

Coverage H - Towing and Road Service Coverage 13

Additional Definitions Used in This Part Only..... 14

Supplementary Payments 14

Exclusions - What Is Not Covered..... 14

Limits of Liability 15

Payment of Loss 16

No Benefit to Bailee..... 16

Other Insurance..... 16

Appraisal..... 16

Part V - Conditions

1. Policy Period and Territory 16

2. Changes 16

3. Legal Action Against Us..... 16

4. Transfer of Your Interest..... 16

5. Our Right to Recover Payment..... 17

6. Two or More Vehicles Insured..... 17

7. Bankruptcy..... 17

8. Termination 17

9. Concealment or Fraud..... 18

10. Terms Conformed to Statutes..... 18

11. Coverage Deemed Granted by Out-of-State Statute 18

12. Constitutionality Clause 19

Personal Auto Policy (continued)

13. Proof of Mailing	19
14. Policy and/or Filing Fees	19
15. Additional Premium Due - Loss Settlement	19
16. Notices	19

What to Do in Case of Accident	19
---	-----------

Special Provisions	19
---------------------------------	-----------

READ YOUR POLICY CAREFULLY.

- Any additional provisions affecting your policy are attached as "endorsements."
- This policy is a legal contract between you (the policyholder) and us (the Company). **It Contains Certain Exclusions.**

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Personal Auto Policy (continued)

Insuring Agreement

We agree with you, in return for your premium payment, to insure you subject to all the terms of this policy. We will insure you for the coverages and the limits of liability shown in the Declarations of this policy.

Definitions Used Throughout This Policy

Throughout this policy "you" and "your" mean the "named insured" shown in the Declarations and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered as required by applicable state law prior to the date of a loss. "We," "us" and "our" mean the Company named in the Declarations which provides this insurance.

In addition, the words that appear in bold type have specific definitions.

Accident or occurrence means a sudden event, including continuous or repeated exposure to the same conditions, resulting in **bodily injury** or **property damage** neither expected nor intended by the **insured person**.

Additional vehicle means a **private passenger vehicle** of which you acquire possession either by purchase, or by a written lease of at least six continuous months. This definition applies only if you:

1. Acquire the vehicle during the policy period; and
2. Notify us within 30 days of its acquisition.

An **additional auto** will have the broadest coverage we provide for any auto shown in the Declarations.

Bodily injury means accidentally sustained bodily harm to an individual and that individual's illness, disease or death resulting therefrom, and includes a personal injury resulting in death, serious impairment of body function or permanent serious disfigurement.

Damages are the cost of compensating those who suffer **bodily injury** or **property damage** from an **accident**.

Family member means a person who resides with you and who is related to you by blood, marriage, adoption, or registered domestic partnership under applicable state law (before the loss), including a ward or foster child and including a minor in the custody of you or of a person related to you who resides with you. Unmarried children of the named insured, residing elsewhere while attending school or in the armed forces, are considered to reside with the named insured, provided they are not emancipated.

Noneconomic loss means pain and suffering and other nonmonetary detriment.

Non-owned vehicle means any **private passenger vehicle** or **utility trailer**, other than your **insured vehicle**, having a gross vehicle weight of 12,000 pounds (lbs.) or less, and that is not owned by, furnished or available for regular use by you or a family member.

Occupying means in, on, getting into or out of.

Private passenger vehicle means a four-wheel private passenger vehicle of the coupe, sedan, station wagon, pick up truck, van or sport utility vehicle type, actually licensed for use upon public highways, and which has a gross weight not exceeding 12,000 pounds. It does not include a motor home.

Property damage means physical injury to or destruction of tangible property, including loss of its use.

Rental vehicle means any **private passenger vehicle** or **utility trailer** having a gross vehicle weight of 12,000 pounds (lbs.) or less rented by you on a daily or weekly basis not to exceed 30 consecutive days, provided that this vehicle or **utility trailer** is not owned by, furnished or available for regular use by you or a family member.

Replacement vehicle means a **private passenger vehicle** that you acquire as a replacement of any vehicle described in the Declarations, either by purchase, or by a written lease of at least six continuous months. This definition applies only if you:

1. Acquire the vehicle during the policy period; and
2. Notify us within 30 days of its acquisition.

A **replacement vehicle** will have the same coverage as any vehicle it replaces.

Serious injury means a **bodily injury** or a personal injury resulting in death, serious impairment of body function or permanent serious disfigurement.

State means the District of Columbia and any state, territory or possession of the United States, Puerto Rico or any province of Canada.

Substitute vehicle means a **private passenger vehicle**, not owned by you, but being temporarily used by you as a substitute for any vehicle described in the Declarations. This applies only while the vehicle described in the Declarations is withdrawn from normal use because of breakdown, repair, servicing, loss, or destruction.

Utility trailer means a vehicle designed to be towed by a **private passenger vehicle** and includes a farm wagon or farm implement while towed by a **private passenger vehicle**. It does

Personal Auto Policy (continued)

not include a trailer used as an office, store, display or passenger trailer.

Your insured vehicle means:

1. Any vehicle described in the Declarations of this policy;
2. A replacement vehicle;
3. A substitute vehicle;
4. A rental vehicle;
5. An additional vehicle;
6. Any utility trailer:
 - a. That you own, or
 - b. If not owned by you, while attached to your insured vehicle.

Your Duty to Report Changed Circumstances

Your policy was issued in reliance on the information you provided, including information concerning any vehicle and persons insured by the policy. To properly insure any vehicle, you must promptly notify us when you change your address or whenever any resident operators insured by your policy are added or deleted. You agree by acceptance of this policy that all information shown on the Declarations page of your policy or on the Memorandum of Insurance is accurate. You agree that if any information changes, is incorrect or incomplete, you must notify us and we may adjust your coverage and premium accordingly during the policy period. Any calculation by us of your premium or changes in your coverage will be made using the rules, rates and forms used in your state.

No Coverage in Mexico

This policy does not provide any coverage for any accident, occurrence or loss occurring in Mexico. Insurance coverage should be secured from a company licensed under the laws of Mexico to write insurance in order to avoid complications and other possible penalties under the laws of Mexico.

Financed Vehicles

If a creditor is shown in the Declarations, we may pay any Comprehensive or Collision loss to:

1. You and, if unpaid, the repairer; or
2. You and such creditor, as its interest may appear, when we find it is not practical to repair your insured vehicle;
3. To the creditor, as to its interest, if your insured vehicle has been repossessed.

When we pay the creditor for loss for which you are not covered, we are entitled to the creditor's right of recovery against you to

the extent of our payment. Our right of recovery shall not impair the creditor's right to recover the full amount of its claim.

The coverage for the creditor's interest only is valid until we terminate it.

We will not terminate such coverage because of:

1. Any act or negligence of the owner or borrower; or
2. A change in the ownership or interest unknown to us, unless the creditor knew of it and failed to tell us within 10 days; or
3. An error in the description of your insured vehicle.

The date of termination of the creditor's interest will be at least 20 days after the date we mail or electronically transmit the termination notice.

Part I - Liability

Coverage A - Bodily Injury Coverage

Coverage B - Property Damage Coverage

Additional Definitions Used in This Part Only

Insured person as used in this Part means:

1. You or any family member.
2. Any person using your insured vehicle.
3. Any other person or organization with respect only to legal liability for acts or omissions of:
 - a. Any person covered under this Part while using your insured vehicle.
 - b. You or any family member covered under this Part while using any private passenger vehicle, other than your insured vehicle if not owned or hired by that person or organization.

Insured person does not mean:

1. The United States of America or any of its agencies.
2. Any person, including but not limited to a family member, for bodily injury or property damage arising from the operation of a vehicle by that person as an employee of the United States Government when the provisions of the Federal Tort Claims Act apply.
3. Any person, including but not limited to a family member, who uses a vehicle without having sufficient reason to believe that the use is with the permission of the owner.

General Statement of Coverage

We will pay damages for which any insured person is legally liable because of bodily injury to any person and property damage arising out of the ownership, maintenance or use of

Personal Auto Policy (continued)

your **insured vehicle** or a private passenger vehicle. At our expense and with an attorney of our choice we will defend an **insured person** against any covered suit. We may settle any claim or suit when and on the terms we consider appropriate. We will not defend any suit after we have paid the applicable limits of liability for the coverage at issue.

Supplementary Payments

In addition to our limit of liability, we will pay these benefits as respects an **insured person**:

1. All costs we incur in the settlement of any claim or defense of any suit.
2. Interest after entry of judgment on any amount that does not exceed our limit of liability.
3. Prejudgment interest awarded against the **insured person** on the part of any judgment we pay. Any prejudgment interest awarded against the **insured person** is subject to the applicable Pennsylvania Rules of Civil Procedure.
4. Bonds:
 - a. Premiums on appeal bonds on any suit we defend.
 - b. Premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy.
 - c. Up to \$300 for the cost of bail bonds required because of accident or traffic law violation arising out of use of your **insured vehicle**.
 - d. We are not obligated to apply for, furnish, or provide collateral or security for any of the above bonds.
5. Actual loss of wages or salary up to \$200 a day, but not other income, when we ask you to attend a trial or hearing.
6. Expenses you incur for first aid to others at the time of an accident involving any vehicle insured under Part I - Liability.
7. Other reasonable expenses incurred at our request.
8. Caused by an intentional act of an **insured person** whether or not such person intended to cause damage or injury of any nature.
9. We will not cover **bodily injury or property damage** with respect to which any person is insured under nuclear energy insurance. This exclusion applies even if the limits of that insurance are exhausted.
10. We will not cover **bodily injury** to an employee of an **insured person** arising in the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee unless workers' compensation benefits are required.
11. We will not cover **bodily injury or property damage** resulting from an **insured person's** employment, or other involvement, in the business or occupation of transporting, selling, repairing, servicing, storing or parking of vehicles, including road testing or delivery. This exclusion does not apply to the ownership, maintenance or use of your **insured vehicle** by you, any **family member**, or any partner, agent, or employee of you or any **family member**.
12. We will not cover **bodily injury or property damage** resulting from the use of any vehicle by an **insured person** in any business or occupation where the **insured person's** primary duty is the delivery of goods or services, including but not limited to, the business or occupation of pizza delivery, newspaper delivery or messenger service.
13. We will not cover **bodily injury or property damage** resulting from the use of any vehicle by an **insured person** in an emergency occupation on a full-time, part-time, or volunteer basis. Such occupations include, but are not limited to, Fire Fighting, Police or Ambulance activities. This exclusion does not apply to any vehicle described in the Declarations, an **additional vehicle**, **replacement vehicle** or **substitute vehicle**, while used by an **insured person** in such activities.
14. We will not cover **bodily injury or property damage** resulting from the use of any vehicle that is part of a fleet or pool of vehicles provided for the regular use by an **insured person** in the course of his or her employment. This exclusion does not apply to any vehicle described in the Declarations, an **additional vehicle**, **replacement vehicle** or **substitute vehicle**.
15. We will not cover damage to property owned or being transported by an **insured person**.

Exclusions - What Is Not Covered

1. We will not cover **bodily injury or property damage** arising out of the ownership, maintenance or use of a vehicle while used to carry persons or property for a charge. This exclusion does not apply to shared-expense car pools.
2. We will not cover **bodily injury or property damage**:
 - a. Caused intentionally by, or at the direction of, an **insured person**.

Personal Auto Policy (continued)

10. We will not cover damage to property rented to, or in the charge of, an **insured person** except for **property damage** to a residence or private garage not owned by that person.
11. We will not cover **bodily injury** or **property damage** arising out of the ownership, maintenance or use of any motorized vehicle with less than four wheels.
12. We will not cover **bodily injury** or **property damage** arising out of the ownership, maintenance or use of any vehicle other than **your insured vehicle**, which is owned by or furnished or available for regular use by you or a **family member**.
13. We will not cover **bodily injury** or **property damage** resulting from liability assumed under any contract or agreement. This exclusion does not apply to liability you assume in a written contract relating to the use of a **rental vehicle** or **non-owned vehicle**.
14. We will not cover **bodily injury** or **property damage** resulting from an **insured person**, or **your insured vehicle**, taking part in any racing, speed, demolition, stunting or performance driving contest, demonstration, instruction or activity, or in practice or preparation for any such activity.
15. We will not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, or use by any person of a vehicle in which you have sold or transferred ownership. This exclusion applies even if the sale or transfer does not result in the transfer of full ownership because of any failure to comply with motor vehicle laws.
16. We will not cover punitive or exemplary damages or the cost of defense related to such damages.
17. We will not cover charges, fees and administrative expenses for services performed by law enforcement and municipal personnel when responding to a motor vehicle accident or loss.

Limits of Liability

The limits of liability shown in the Declarations apply subject to the following:

1. The **bodily injury** liability limit for "each person" is the maximum for **bodily injury** sustained by one person in any **occurrence**. Any claim for loss of consortium, injury to the relationship, or bystander emotional distress arising from this injury shall be included in this limit. If the financial responsibility law of the place of the accident treats the loss of consortium as a separate claim, the applicable financial responsibility limits will be furnished as appropriate.
2. Subject to the **bodily injury** liability limit for "each person", the **bodily injury** liability limit for "each **occurrence**" is the maximum combined amount for **bodily injury** sustained by two or more persons in any **occurrence**.
3. The **property damage** liability limit for "each **occurrence**" is the maximum for all damages to all property in any one **occurrence**.
4. We will pay no more than the maximum limits for any vehicle insured by this policy regardless of the number of vehicles or premiums shown in the Declarations, **insured persons**, claims, claimants, policies, or vehicles involved in the **occurrence**.

This means that stacking or aggregation of liability coverage - **bodily injury** and **property damage** - will not be permitted by this policy.

Conformity with Financial Responsibility Laws

When we certify this policy as proof under any financial responsibility law, it will comply with the law to the extent of the coverage required by law.

Other Insurance

If there is other applicable auto liability insurance on any other policy that applies to a loss covered by this Part, we will pay only our share. Our share is the proportion that our limits of liability bear to the total of all applicable limits. However, any insurance we provide for a vehicle you do not own shall be excess over any other collectible insurance. The highest limits of liability shown on the Declarations for any one vehicle will apply.

Part II - Uninsured Motorist/Underinsured Motorist

Insuring Agreement Uninsured Motorist Coverage

If you pay us the premium when due for this coverage, we will pay for damages an **insured person** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** because of **bodily injury** sustained by an **insured person**, caused by an **accident**, and arising out of the ownership, maintenance or use of an **uninsured motor vehicle**.

Insuring Agreement Underinsured Motorist Coverage

If you pay us the premium when due for this coverage, we will pay for damages an **insured person** is legally entitled to recover from the owner or operator of an **underinsured motor vehicle** because of **bodily injury** sustained by an **insured person**, caused by an **accident**, and arising out of the ownership, maintenance or use of an **underinsured motor vehicle**.

Personal Auto Policy (continued)

We will pay under Part II only after the limits of liability under all liability policies applicable to an **uninsured motor vehicle** have been exhausted by payment of judgments or settlements.

We will pay under Part II only after the limits of liability under all liability bonds and policies applicable to an **underinsured motor vehicle** have been exhausted by payment of judgments or settlements.

No judgment for damages arising out of a suit brought against the owner or operator of an **uninsured motor vehicle** or **underinsured motor vehicle** is binding on us unless we have:

1. received reasonable notice of the filing of the lawsuit resulting in the judgment; and
2. had a reasonable opportunity to protect our interests in the lawsuit.

An **insured person** must notify us in writing at least 30 days before entering into any settlement with the owner or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**, or that person's liability insurer. In order to preserve our right of subrogation, we may elect to pay any sum offered in settlement by, or on behalf of, an owner or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**.

If we do this, the **insured person** shall assign to us all rights that **insured person** has against the owner or operator of the **uninsured motor vehicle** or **underinsured motor vehicle**, to the extent of our payment.

Additional Definitions

When used in this Part II:

1. **Insured person** means:

- a. You, any **family member** or any other person listed as an additional driver in the Declarations;
- b. Any other person while **occupying your insured vehicle**, provided the actual use or occupancy thereof is with the permission of the named insured; and
- c. Any person entitled to recover **damages for bodily injury** covered under Part II of this policy sustained by a person meeting the definition of an **insured person** in 1.a. or 1.b. above.

2. **Underinsured motor vehicle** means a land motor vehicle or trailer of any type to which a **bodily injury** liability policy applies at the time of the accident but the sum of all applicable limits of liability for **bodily injury** is less than the full amount that an **insured person** is legally entitled to recover as **damages**. However, an **underinsured motor vehicle** does not include:

- a. A land motor vehicle or trailer, if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle;
 - b. Any vehicle or equipment designed mainly for use off public roads, while not on public roads;
 - c. A vehicle owned by or furnished for the regular or frequent use of an **insured person** or any member of the household of the **insured person**;
 - d. Any vehicle or equipment to which coverage under Part I applies; or
 - e. Any vehicle or equipment that is an **uninsured motor vehicle**.
3. **Uninsured motor vehicle** means a land motor vehicle or trailer of any type:
- a. For which no liability policy or bond applies at the time of the accident;
 - b. To which a liability policy applies at the time of the accident but the insuring company:
 - i. Denies coverage;
 - ii. Refuses to admit coverage except conditionally or with reservation; or
 - iii. Is or becomes insolvent, declared bankrupt, or subject to the appointment of a receiver;
 - c. Which is a hit and run vehicle whose owner or operator cannot be identified and which hits or which causes an accident resulting in **bodily injury** without hitting:
 - i. You or any **family member**;
 - ii. A vehicle which you or any **family member** are occupying; or
 - iii. Your covered auto.

If there is no contact with the hit and run vehicle, the facts of the accident must be proved, and the **insured person** or someone on his or her behalf must file a police report within 48 hours and notify us within 30 days, or as soon as practicable thereafter, that the **insured person** has a cause of action arising out of such accident.

However, **uninsured motor vehicle** does not include any vehicle:

- a. Owned by an **insured person** or furnished or available for the regular use of an **insured person**;
- b. Owned or operated by a self-insurer except a self-insurer which becomes insolvent;
- c. Operated on rails or crawler treads or while located for use as a residence or premises;

Personal Auto Policy (continued)

- d. Designed mainly for use off public roads, while not on public roads;
- e. That is an **underinsured motor vehicle**; or
- f. For which coverage under Part I applies.

Limit of Liability

The limit of Uninsured/Underinsured Motorist Coverage shown in the Declarations is the most we will pay regardless of the number of:

1. Insured person's;
2. Claims made;
3. Vehicles or premiums shown in the Declarations;
4. Vehicles involved in the accident; or
5. Premiums paid.

Non-stacked Limit of Liability

If you have selected non-stacked coverage under this Part II, the following shall also apply:

If the Declarations show that a split limit applies:

1. The limit of liability shown in the Declarations for each person for Uninsured/Underinsured Motorist Coverage is the maximum we will pay for **bodily injury** sustained by any one person in any one accident, including all claims of others derived from such **bodily injury**, which include, but are not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another, loss of consortium, loss of services, loss of companionship, or injury to any personal relationship. **Bodily injury** to any one person includes all injury and damages to others resulting from this **bodily injury**.
2. Subject to this limit for each person, the limit of liability shown in the Declarations for each accident for Uninsured/Underinsured Motorist Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one accident.

If the Declarations show that a "combined single limit" or "CSL" applies, the amount shown is the most we will pay for the total of all damages resulting in any one accident. This is the most we will pay regardless of the number of:

1. Insured persons;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the auto accident.

In no event shall the limit of liability for two or more motor vehicles or two or more policies be added together, combined, or

stacked to determine the limit of insurance coverage available as uninsured motorist coverage or underinsured motorist coverage benefits.

Limits of Liability applicable to Stacked and Non-Stacked Coverage

In determining the amount payable under this Part II the amount of damages that an insured person is entitled to recover for **bodily injury** will be reduced by all sums:

1. paid or payable because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible. This includes all payments made to an **insured person's** attorney either directly or as part of the payment made to the **insured person**; and
2. paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. worker's compensation law; or
 - b. disability benefits law.

However, if an insured person enters into a settlement agreement for an amount less than the sum of the limits of liability under all applicable **bodily injury** liability bonds and policies, our limit of liability for Underinsured Motorist Coverage shall not exceed the difference between the damages sustained by the **insured person** and the sum of the applicable **bodily injury** liability limits.

The limits of liability under this part II shall be reduced by all sums paid under Part I - Liability Coverage.

No one will be entitled to duplicate payments for the same elements of damages.

If multiple auto policies issued by us are in effect for you, we will pay no more than the highest limit of liability for this coverage available under any one policy.

Stacked Limit of Liability

If you have selected stacked coverage under this Part II, the following shall also apply to **bodily injury** sustained by you or a family member:

1. if **bodily injury** is sustained in accident by you or any family member, the limit of liability shall be the limit available under Non-Stacked Limits of Liability described above and the limits shown in the Declarations multiplied by the number of **insured vehicles** that are not listed on the Declarations.
2. If you or a family member sustain **bodily injury** while not occupying an **insured vehicle**, the limit of liability shall be the limit shown in the Declarations multiplied by the number of **insured vehicles**. No one will be entitled

Personal Auto Policy (continued)

to receive duplicate payments for the same elements of loss under this coverage and Part I or Part II of this policy.

3. We will not make a duplicate payment under this coverage for any element of damage for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
4. Stacked Limits of Liability shall not increase the limit of liability applicable to any **insured person** other than you or a **family member**. The non-stacked limits of liability will apply to any **insured person** other than you or a **family member**. As with non-stacked limits, the limit of liability for each person is the maximum we will pay for **bodily injury** sustained by any one person in any one accident, including all claims of others derived from such **bodily injury**, which include, but are not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another, loss of consortium, loss of services, loss of companionship, or injury to any personal relationship. **Bodily injury** to any one person includes all injury and damages to others resulting from this **bodily injury**.

Exclusions that apply to Part II - Uninsured/Underinsured Motorist Coverage

Coverage under Part II does not apply:

1. If the **insured person** or their legal representative settles or prosecutes to a judgment a claim for **bodily injury** without our consent. However, this exclusion does not apply if such settlement does not adversely affect our rights.
2. To **bodily injury** arising out of the ownership, maintenance or operation of any vehicle while it is being used to carry persons or property for compensation or a fee, including but not limited to the pickup or delivery or return from a pick-up or delivery of products, documents, newspapers, or food. This exclusion does not apply to a share-the-expense car pool.
3. To **bodily injury** when an **insured person** is using a vehicle without a reasonable belief that the person is entitled to do so.
4. To **bodily injury** sustained by you or any **family member** while occupying or when struck by any motor vehicle owned by you or any **family member** which is not insured for this coverage under any similar form. This includes a trailer of any type used with that vehicle.
5. To **bodily injury** sustained by a **family member** who does not own an auto while occupying or when struck

by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.

6. Directly or indirectly to benefit:
 - a. Any insurer or self-insurer under any of the following or similar law:
 - i. worker's compensation law; or
 - ii. disability benefits law.
7. To any claim for punitive, exemplary, multiple damages, fines, penalties, or restitution.
8. To noneconomic loss sustained by any **insured person** to whom the limited tort alternative applies, resulting from **bodily injury** caused by an accident involving an **uninsured motor vehicle** or an **underinsured motor vehicle**, unless the **bodily injury** sustained is a **serious injury**. This exclusion does not apply if the owner or operator of the **uninsured motor vehicle** or **underinsured motor vehicle**:
 - a. is convicted or accepts Accelerated Rehabilitative Disposition for driving under the influence of alcohol or a controlled substance in that accident;
 - b. is operating a motor vehicle registered in another state; or
 - c. intends to injure himself or another person, provided that the individual does not intentionally injure himself or another person merely because his act or failure to act is intentional or done with his realization that it creates a grave risk of causing injury if the act or omission causing the injury is for the purpose of averting harm to himself or another person;
 - d. if that **insured person** is injured while occupying a motor vehicle insured under a commercial motor vehicle insurance policy.

Other Insurance

If there is other applicable similar insurance available under more than one policy or provision of coverage:

The following priorities of recovery apply:

First, the uninsured or underinsured motorist coverage applicable to the vehicle the **insured person** was occupying at the time of the accident.

Second, the policy affording uninsured or underinsured motorist coverage to the **insured person** as a named insured or **family member**.

If two or more policies have equal priority, the insurer against whom the claim is first made shall process and pay the claim as if wholly responsible. The insurer is

Personal Auto Policy (continued)

thereafter entitled to recover contribution pro rata from any other insurer for the benefits paid and the costs of processing the claim.

If non-stacked coverage is shown on the Declarations, the following provisions also apply:

1. When there is insurance available under the First priority:
 - a. The limit of liability applicable to the motor vehicle the insured person was occupying, under the policy in the First priority, shall first be exhausted; and
 - b. The maximum recovery under all policies in the Second priority may equal but not exceed the highest applicable limit of liability for UM/UIM for any one vehicle under any one policy providing coverage to you or any family member.
2. When there is no applicable insurance available under the First priority, the maximum recovery under all policies in the Second priority shall not exceed the highest limit of any one motor vehicle under any one policy.

We will not pay for any damages which would duplicate any payment made for damages under other insurance.

Arbitration**A. If we and an insured person do not agree:**

1. Whether that insured person is legally entitled to recover damages;
2. As to the amount of damages which are recoverable by that insured person;

from the owner or operator of an uninsured motor vehicle or an underinsured motor vehicle then the matter may be arbitrated. However, disputes concerning coverage may not be arbitrated.

Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If the parties cannot agree upon an arbitrator within 30 days, or if the two arbitrators cannot select a third arbitrator, either party may request that selection of an arbitrator be made by a judge of a court having jurisdiction.

B. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

C. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by at least two of the arbitrators will be binding.**Part III - First Party Benefits Coverage**

If Added First Party Benefits or Combination First Party Benefits are not shown as applicable in the Declarations, only the Basic First Party Benefit applies.

Additional Definitions

When used in this Part III:

1. The Act refers to the Pennsylvania Motor Vehicle Financial Responsibility Law.
2. **Bodily injury** means accidental bodily harm to a person and that persons resulting illness, disease or death.
3. **Your insured vehicle** means a private passenger vehicle:
 - a. To which Part I of this policy applies and for which a specific premium is charged; and
 - b. For which First Party Benefits Coverage required by the Act is maintained.

If your insured vehicle is parked and unoccupied, it is not a motor vehicle involved in an accident unless it is parked in a manner which creates an unreasonable risk of injury.

4. **Motor vehicle** means a self-propelled vehicle operated or designed for use upon public roads. However, motor vehicle does not include a vehicle operated:
 - a. By muscular power; or
 - b. On rails or tracks.
5. **Insured person** as used in this Part III means:
 - a. You or any family member.
 - b. Any other person while:
 1. Occupying your covered auto; or
 2. Not occupying a motor vehicle if injured as a result of an accident in Pennsylvania involving your covered auto.

If your insured vehicle is parked and unoccupied it is not a motor vehicle involved in an accident unless it is parked in a manner which creates an unreasonable risk of injury.

Insuring Agreement - Basic First Party Benefit

We will pay, in accordance with the Act, the Basic First Party Benefit to or for an insured person who sustains bodily injury. The bodily injury must be caused by an accident arising out of the maintenance or use of a motor vehicle. Subject to the limit shown in the Declarations, the Basic First Party Benefit consists of:

Personal Auto Policy (continued)

1. Medical expenses. Reasonable and necessary medical expenses incurred for an **Insured persons**:
 - a. Care;
 - b. Recovery; or
 - c. Rehabilitation.

This includes remedial care and treatment rendered in accordance with a recognized religious method of healing. Medical expenses will be paid if incurred within 18 months from the date of the **accident** causing **bodily injury**.

However, if within 18 months from the date of the **accident**, it can be determined with reasonable medical probability that additional expenses may be incurred after this period, the 18 month time limit will not apply to the payment of the additional medical expenses.

Insuring Agreement - Added First Party Benefits

If the Declarations indicates that Added First Party Benefits apply, we will pay Added First Party Benefits instead of the Basic First Party Benefit to or for an **Insured person** who sustains **bodily injury**. The **bodily injury** must be caused by an **accident** arising out of the maintenance or use of a **motor vehicle**. These benefits are subject to the provisions of the Act.

Subject to the limits shown in the Declarations, Added First Party Benefits consist of the following:

1. Medical expenses as described in the Basic First Party Benefit.
2. Work loss.
 - a. Loss of income. Up to 80% of gross income actually lost by an **Insured person** as a result of the **accident**.
 - b. Reasonable expenses actually incurred to reduce loss of income by hiring:
 - (i) Special help, thereby enabling an **Insured person** to work; or
 - (ii) A substitute to perform the work a self-employed **Insured person** would have performed.

However, work loss does not include:

- a. Loss of expected income or expenses incurred for services performed after the death of an **Insured person**; or
 - b. Any loss of income, or expenses incurred for services performed, during the first 5 working days the **Insured person** did not work due to **bodily injury**.
3. Funeral expenses. Funeral or burial expenses actually incurred if **bodily injury** causes an **Insured person's** death within 24 months from the date of the **accident**.

4. Accidental death. A death benefit paid if **bodily injury** causes the death of you or any family member within 24 months from the date of the **accident**. We will pay accidental death to the executor or administrator of the deceased **Insured person's** estate. If there is no executor or administrator, the benefit shall be paid to:
 - a. The deceased **Insured person's** surviving spouse; or
 - b. If there is no surviving spouse, the deceased **Insured person's** surviving children; or
 - c. If there is no surviving spouse or children, to the deceased **Insured person's** estate.

Insuring Agreement - Combination First Party Benefits

If the Declarations indicates that Combination First Party Benefits apply, we will pay Combination First Party Benefits instead of the Basic First Party Benefit to or for an **Insured person** who sustains **bodily injury**. The **bodily injury** must be caused by an **accident** arising out of the maintenance or use of a **motor vehicle**. These benefits are subject to the provisions of the Act.

We will only pay for expenses or loss incurred within three years from the date of the **accident**.

Subject to the limits shown in the Declarations, Combination First Party Benefits consist of the following, as described in the Basic First Party Benefit and Added First Party Benefits:

1. Medical expenses.
2. Work loss.
3. Funeral expenses.
4. Accidental death.

Insuring Agreement - Extraordinary Medical Benefits Coverage

Limited Benefits: Extraordinary Medical Benefits Coverage provides coverage only for medical expenses.

Warning

You should be aware that Extraordinary Medical Benefits Coverage does not apply to the first \$100,000 of medical expenses incurred by an **Insured person**. You can avoid having to pay some of your own medical bills by purchasing Added First Party Benefits Coverage with a \$100,000 limit of liability for medical expenses.

If the Declarations indicates that Extraordinary Medical Benefits Coverage applies, we will pay, in accordance with the Act, extraordinary medical benefits to or for an **Insured person** who sustains **bodily injury**. The **bodily injury** must be caused by an **accident** arising out of the maintenance or use of a **motor vehicle**.

Personal Auto Policy (continued)

Subject to the limit shown in the Declarations, extraordinary medical benefits consist of reasonable and necessary medical expenses incurred for an **insured person's** care, recovery or rehabilitation. This includes remedial care and treatment rendered in accordance with a recognized method of healing.

Regardless of whether you have purchased Basic, Added or Combination First Party Benefits Coverage under this policy, we will pay extraordinary medical benefits only after \$100,000 of medical expenses has been incurred by any one **insured person** as a result of any one accident.

We do not provide Extraordinary Medical Benefits Coverage for the first \$100,000 of medical expenses incurred by an **insured person** as a result of an accident.

The limit of liability shown in the Declarations for Extraordinary Medical Benefits Coverage is the most we will pay to or for each **insured person** as the result of any one accident, regardless of the number of:

1. Claims made;
2. Vehicles or premiums shown in the Declarations;
3. Vehicles involved in the accident; or
4. Insurers providing Extraordinary Medical Benefits.

Extraordinary medical benefits are subject to an annual limit of \$50,000 for each **insured person**. However, this limit does not apply to medical expenses incurred within 18 months from the date the **insured person** incurs \$100,000 of medical expenses as a result of the accident.

Any amounts payable under this coverage shall be excess over any amounts available to an **insured person** for medical expenses under Basic, Added or Combination First Party Benefits Coverage.

If an **insured person** is eligible for benefits under both this coverage and the Catastrophic Loss Trust Fund, the total recovery under Extraordinary Medical Benefits Coverage and the Catastrophic Loss Trust Fund combined shall not exceed \$1,000,000. In no event will the amount payable under Extraordinary Medical Benefits Coverage exceed the limit of liability shown in the Declarations.

Exclusions That Apply to Part III - First Party Benefits Coverage

We do not provide First Party Benefits Coverage for **bodily injury**:

1. Sustained by any **insured person** while intentionally causing or attempting to cause **bodily injury** to himself or any other person.

2. Sustained by any **insured person** while committing a felony.
3. Sustained by any **insured person** while seeking to elude lawful apprehension or arrest by a law enforcement official.
4. Sustained by any **insured person** while maintaining or using a **motor vehicle** knowingly converted by that **insured person**. However, this exclusion does not apply to you.
5. Sustained by any **insured person** who, at the time of the accident, is:
 - a. The owner of one or more registered **motor vehicles**, none of which have in effect the financial responsibility required by the Act; or
 - b. Occupying a **motor vehicle** owned by that **insured person** for which the financial responsibility required by the Act is not in effect.
6. Sustained by any **insured person** maintaining or using a **motor vehicle** while located for use as a residence or premises.
7. Sustained by any **insured person** while occupying a
 - a. recreational vehicle designed for use off public roads; or
 - b. motorcycle, moped or similar-type vehicle.
8. Sustained by a pedestrian if the accident occurs outside of Pennsylvania. However, this exclusion does not apply to you or any family member.
9. Caused by or as a consequence of:
 - a. Discharge of a nuclear weapon (even if accidental);
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection; or
 - e. Rebellion or revolution.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. Radioactive contamination.

Limit of Liability

The limits of liability shown in the Declarations for the First Party Benefits that apply are the most we will pay to or for each **insured person** as the result of any one accident, regardless of the number of:

1. Claims made;
2. Vehicles or premiums shown in the Declarations;

Personal Auto Policy (continued)

3. Vehicles involved in the accident; or
4. Insurers providing First Party Benefits.

If Combination First Party Benefits are afforded, we will make available at least the minimum limit required by the Act for the Basic First Party Benefit. This provision will not change our maximum limit of liability.

Any amounts payable under this Part III shall be excess over any amounts:

1. Paid;
2. Payable; or
3. Required to be provided;

to an **insured person** under any workers compensation law or similar law.

Priorities of Policies

We will pay First Party Benefits in accordance with the order of priorities set forth by the Act. We will not pay if there is another insurer at a higher level of priority. The First category listed below is the highest level of priority and the Fourth category is the lowest level of priority.

The priority order is:

First, the insurer providing benefits to the **insured person** as a named insured.

Second, the insurer providing benefits to the **insured person** as a **family member** who is not a named insured under another policy providing coverage under the Act.

Third, the insurer of the **motor vehicle** which the **insured person** is occupying at the time of the accident.

Fourth, the insurer of any **motor vehicle** involved in the accident if the named insured is not:

- a. Occupying a **motor vehicle**; and
- b. Not entitled to First Party Benefits under any other automobile policy.

An unoccupied parked **motor vehicle** is not a **motor vehicle** involved in an accident unless it is parked in a manner which creates an unreasonable risk of injury.

If two or more policies have equal priority within the highest applicable priority level:

1. The insurer against whom the claim is first made shall process and pay the claim as if wholly responsible. The insurer is then entitled to recover contribution pro rata from any other insurer for the benefits paid and the costs of processing the claim. If such contribution is sought among insurers under the Fourth priority, pro rata shall be based on the number of involved **motor vehicles**.

2. If we are the insurer against whom the claim is first made, our payment to or for an **insured person** will not exceed the applicable limit of liability for First Party Benefits Coverage shown in the Declarations.

3. The maximum recovery under all policies will not exceed the amount payable under the policy with the highest limit of liability.

Other Insurance

No one will be entitled to recover duplicate payments for the same elements of loss under this or any other similar automobile insurance including self-insurance.

Any amount payable under this Part III shall be excess over any amounts paid, payable or required to be provided to an **insured** under any workers' compensation law or similar law.

Part IV - Damage to Your Vehicle

Coverage F - Comprehensive Coverage

If you pay us the premium when due for this coverage, we will pay for loss to your **insured vehicle**, the **equipment** of your **insured vehicle** and the customized **equipment** of your **insured vehicle** caused by any accidental means except collision, less any applicable deductibles. Any deductible amount will apply separately to each loss.

Loss caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion, colliding with a bird or animal, or breakage of glass is not deemed loss caused by collision. If breakage of glass results from a collision, you may elect to have it treated as loss caused by collision.

If a loss to auto safety glass is repaired rather than replaced, the deductible applying to this coverage is waived. If the auto safety glass is replaced, the deductible applying to this coverage will remain in force.

Coverage G - Collision Coverage

If you pay us the premium when due for this coverage, we will pay for loss to your **insured vehicle** and its **equipment** caused by collision less any applicable deductibles. Any deductible shall apply separately to each loss.

Coverage H - Towing and Road Service Coverage

If you pay us the premium when due for this coverage, we will pay for reasonable and necessary towing and labor costs incurred to the nearest repair facility because of disablement of your **insured vehicle**. The labor must be performed at the place of disablement.

Personal Auto Policy (continued)

Additional Definitions Used in This Part Only

As used in Part - IV - Damage to Your Vehicle:

Additional equipment means any equipment, which is not the vehicle's factory available equipment, including but not limited to:

1. Any video, electronic sound reproducing or transceiving equipment, and its component parts but not limited to DVD, Game System, MP3 player.
2. Any painted or finished surface, whether refinished in whole or in part, of any automobile insured under this Part where the claim exceeds the cost of duplicating the vehicle's factory applied surface finish.
3. Tires, wheels or any exterior surface equipment, or modification thereto, which exceeds the cost of repairing or replacing the vehicle's factory available equipment.
4. Any engine, transmission or suspension parts, or modification thereto, which exceeds the cost of repairing or replacing the vehicle's factory available equipment.
5. GPS navigational systems.

Collision means collision of your insured vehicle with another object or upset of your insured vehicle.

Equipment means equipment permanently attached to your insured vehicle and common to its use.

Loss means direct and accidental loss of or damage to your insured vehicle, including its equipment, but does not include any decrease in your insured vehicle's value, however measured, resulting from the loss and/or repair.

Replacement cost means the cost to purchase your insured vehicle: When available in a local market, a vehicle of the same year, make, model, body type and equipment as your insured vehicle; or

1. When not available in the local market, an equivalent vehicle to your insured vehicle. An equivalent vehicle means a vehicle that matches as closely as possible the same year, make, model, body type and equipment as your insured vehicle.
2. We reserve the right to determine what is equivalent.

Supplementary Payments

We will pay up to, but not more than, \$200 for loss of clothing or luggage in your insured vehicle and belonging to you or a family member if the loss is caused by:

1. Collision of your insured vehicle while covered by this policy
2. Fire, lightning, flood, earthquake, explosion, falling aircraft, or the entire theft of your insured vehicle; and

loss occurs to your insured vehicle from the same cause while covered for comprehensive by this policy.

Exclusions - What is Not Covered

The coverages of Part IV- Damage to Your Vehicle does not apply to loss:

1. To your insured vehicle while used to carry persons or property for a charge. This exclusion does not apply to shared-expense car pools.
2. Caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, nuclear reaction, radiation or radioactive contamination, chemical contamination, or biological contamination or any consequence of any of these. This exclusion also applies to loss due to confiscation by a governmental agency.
3. Caused by theft to equipment designed for the reproduction of sound, or any radio receiving or radio receiving and transmitting equipment. This applies to such equipment as a tape player, tape recorder, citizens band radio and two-way mobile radio, telephone, television or scanning monitor receiver. It also applies to any electronic device incorporating any of this equipment, as well as accessories and antennas.
This exclusion does not apply to that equipment which is permanently installed in the opening of your insured vehicle normally used by the motor vehicle manufacturer.
4. Consisting of theft to tapes, records, reels, cassettes, cartridges, discs, carrying cases or other devices for use with equipment designed for the reproduction of sound.
5. To a camper body, canopy or utility trailer owned by you or a family member and not described in the Declarations. But, coverage does apply to a camper body, canopy or utility trailer ownership of which you acquire during the policy period if you ask us to insure it within 30 days after you acquire it.
6. To awnings, cabanas, or equipment designed to provide additional living facilities.
7. Due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, or road damage to tires. But coverage does apply if the loss results from burning or wiring. Also coverage does apply if the loss results from the total theft of your insured vehicle.
8. To a vehicle not owned by you when used in auto business operations.
9. During active participation in any organized or agreed-upon racing, speed, demolition, stunting or performance

Personal Auto Policy (continued)

driving contest, demonstration, instruction or activity, or in practice or preparation for any such activity.

10. To any **additional equipment** in excess of the amount shown on the Declarations page after the application of the applicable deductible related to Part IV- Damage to Your Vehicle.
11. Caused by or consisting of mold, fungi or bacteria.
12. Permanently attached or detachable camper body, slide-on camper, tonneau covers, camper shell.
13. Due to theft of your **insured vehicle** by a relative or family member.
14. To theft or unlawful conversion by any person after custody of your insured vehicle has been entrusted to another party for the purpose of selling or leasing your insured vehicle.
15. Resulting from the use of any vehicle by an **insured person** in any business or occupation where the **insured person's** primary duty is the delivery of goods or services, including but not limited to, the business or occupation of pizza delivery, newspaper delivery or messenger service.
16. Due to lack of routine maintenance including but not limited to lack of lubricant, coolant, or loss resulting from seepage of water.
17. To tires, unless caused by fire, malicious mischief, vandalism, theft, or unless the damage occurs at the same time and from the same cause as other covered damage.
18. To a van, pickup, or panel truck due to increased cost of repair or replacement of the following furnishings or equipment:
 - a. Special carpeting, insulation, wall paneling, furniture or bars.
 - b. Dining, kitchen and sleeping facilities including enclosures or bathroom facilities.
 - c. Height-extending roofs.
 - d. Murals, special paint and/or methods of painting, decals or graphics.
19. To radar detectors.
20. Caused:
 - a. Intentionally by, or at the direction of, an **insured person**.
 - b. By an intentional act of an **insured person** whether or not such person intended to cause **damage** of any nature.

However, this exclusion does not apply to a loss to your covered auto to the extent of the legal interest of you or a family member who:

1. Sustains the loss as the result of family violence by:
 - a. You;
 - b. A family member;
 - c. A former spouse; or
 - d. any person who resides in or has resided in your household;
2. Did not direct, participate in, or consent to the intentional act causing the loss; and
3. Filed a family violence complaint against the person who caused the violence resulting in the loss.

Limits of Liability

Our limits of liability for loss shall not exceed:

1. The amount necessary to repair or replace the property or parts with other of like kind and quality; or with new property or parts, less an adjustment for physical deterioration and/or depreciation. Property or parts of like kind and quality includes, but is not limited to, parts made for or by the vehicle manufacturer. It also includes parts from other sources such as rebuilt parts, quality recycled (used) parts and parts supplied by non-original equipment manufacturers
2. \$500 for a utility trailer not owned by you, or a family member.

If we, at our option, elect to pay the loss in money or repair or replace damaged or stolen property or parts in accordance with subsection 1, above, our liability does not include any decrease in the property's or parts value, however measured, resulting from the loss and/or repair. If the repair or replacement results in betterment of the property or part, meaning that the value of the repaired or replaced property or part has been increased above its pre-loss market value as a result of the repair or replacement, you may be responsible, subject to applicable laws and regulations, for the amount of the betterment.

Deductions for betterment or depreciation will be taken only for parts or a specific repair process normally subject to repair or replacement during the useful life of your insured vehicle. Deductions will be limited to an amount equal to the proportion that the expired life of the part or specific repair process to be repaired or replaced bears to the normal useful life of that part or repair process.

Personal Auto Policy (continued)

Payment of Loss

We will pay the loss in money or repair or replace damaged or stolen property. We may, at any time before the loss is paid or the property is replaced, return, at our expense, any stolen property either to you or to the address shown in the Declarations, with payment for the resulting damage. We may keep all or part of the property at the agreed or appraised value.

No Benefit to Bailee

This coverage shall not directly or indirectly benefit any carrier or other bailee for hire liable for loss to your insured vehicle.

Other Insurance

If there is other applicable similar insurance on any other policy that applies to a loss covered by this Part, we will pay only our share. Our share is the proportion that our limit of liability bears to the total of all applicable limits. This coverage does not apply to any substitute vehicle or non-owned vehicle if there is similar coverage on it. Any insurance we provide for a vehicle you do not own shall be excess over any other collectible insurance.

If any applicable insurance other than this auto policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies, the total amount payable among all such policies shall not exceed the limit of liability of the single policy providing the highest limit of liability.

Appraisal

If we and you do not agree on the amount of loss, then we and you may agree to an appraisal of the loss. If we and you agree to an appraisal, each party will select a competent appraiser and notify the other party in writing of the appraiser's identity within 30 days of the request for appraisal. The two appraisers will select an umpire. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A written decision agreed to by any two will be binding.

Each party will:

1. Pay its chosen appraiser; and
2. Bear the expenses of the appraisal and umpire equally.

We do not waive any of our rights under this policy by agreeing to an appraisal.

Part V - Conditions

1. Policy Period and Territory

This policy applies only to accidents, occurrences, and losses during the policy period shown in the Declarations which occur within the United States, its territories or possession, Puerto Rico and Canada, or while the vehicle is being shipped between their ports.

2. Changes

This policy with the Declarations includes all agreements between you and us relating to this insurance. No other change or waiver may be made in this policy except by endorsement, new Declarations or a new policy issued by us. The premium for each term of this policy is determined by information in our possession at the inception of that term. Any changes in this information which would affect the rating of your policy will allow us to make an additional charge or refund on a pro rata basis. If a premium adjustment is necessary, we will make the adjustment as of the effective date of the change.

When we broaden coverage during the policy period without charge, the policy will automatically provide the broadened coverage when effective in your state. We may make other changes or replace this policy, to conform to coverage currently in use at the next policy period. The change or new policy will be delivered to you, or mailed to you at your mailing address shown in the Declarations at least 30 days before the effective date of the new policy period.

Policy terms which conflict with laws of Pennsylvania are hereby amended to conform to such laws.

3. Legal Action Against Us

No legal action may be brought against us until there has been full compliance with all the terms and conditions of this policy. In addition, under Part I - Liability Coverage of this policy, no legal action may be brought against us until:

1. We agree in writing that the insured person has an obligation to pay; or
2. The amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to bring us into any action brought to determine the liability of an insured person. Any action brought against us pursuant to coverage under Part II - Uninsured/Underinsured Motorist Coverage must be brought in the county in which the person seeking benefits resides, or in the United States District Court serving that county.

4. Transfer of Your Interest

Interest in this policy may not be assigned without our written consent. But, if the insured person(s) in the Declarations dies, the policy will cover:

- a. The survivor;
- b. The legal representative of the deceased person while acting within the scope of duties of a legal representative; or

Personal Auto Policy (continued)

- c. Any person having proper custody of your **insured vehicle** until a legal representative is appointed.

5. Our Right to Recover Payment

1. If we make a payment under this policy, and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:
 1. Whatever is necessary to enable us to exercise our rights; and
 2. Nothing after loss to prejudice our rights.
2. If we make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:
 1. Hold in trust for us the proceeds of the recovery; and
 2. Reimburse us to the extent of our payment within 30 days of receipt of the proceeds of any recovery.
3. If we are not reimbursed, we may pursue recovery of that amount directly against that **insured person**. If an **insured person** under this policy makes recovery from a responsible party without our written consent, the **insured person's** right to payment under any affected coverage will no longer exist.
4. If we exercise our right to recovery against another, we will also attempt to recover any deductible incurred by an **insured person** under this policy. We reserve the right to compromise or settle the deductible and property damage claims against the responsible parties for less than the full amount. We reserve the right to reduce reimbursement of the deductible by the proportion that the amount we recover bears to the total amount of our subrogated claim. We will also reduce reimbursement of the deductible by the proportionate share of the collection expenses including attorney fees incurred with our recovery efforts. We will not recover the deductible if you instruct us not to.
5. Our rights in this provision do not apply under Part II - Uninsured Motorist/Underinsured Motorists Coverage if we:
 1. Have been given prompt written notice of a tentative settlement between an **insured person** and the insurer of an **uninsured motor vehicle** or an **underinsured motor vehicle**; and
 2. Fail to advance payment to the **insured person** in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification:

1. That payment will be separate from any amount the **insured** is entitled to recover under the provisions of Underinsured Motorists Coverage; and
2. We also have the right to recover the advanced payment.
6. Our rights in this provision do not apply under Part III - First Party Benefits Coverage, unless the payments are subject to the Worker's Compensation Act.
7. Our rights in this provision do not apply under Part IV - Coverage for Damage to Your Auto, against any person using your **insured vehicle** with a reasonable belief that that person is entitled to do so.

6. Two or More Vehicles Insured

With respect to any accident or occurrence to which this and any other auto policy issued to you by any member company of the Farmers Insurance Group of Companies applies, the total limit of liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

7. Bankruptcy

We are not relieved of any obligation under this policy because of the bankruptcy or insolvency of any **insured person**.

8. Termination

Cancellation

You may cancel this policy by calling us or giving us advance notice of the future date cancellation is to take effect.

At the policy's inception, if you make a premium payment using a nonnegotiable instrument, the policy is considered null and void and is not subject to the Cancellation provisions of the policy. If you make a premium payment for a renewal of your policy using a nonnegotiable instrument, our offer of policy renewal is deemed rejected by you and the policy terminated without renewal.

Examples of nonnegotiable instruments include but are not limited to:

1. Checks dishonored due to insufficient funds;
2. Checks drawn from closed accounts; and
3. Invalid credit cards.

We may cancel this policy during the policy period by mailing a notice of cancellation to the named **insured**.

We will give at least 15 days notice of cancellation if:

1. We cancel during the first 59 days of the initial policy period.
2. The policy is canceled for nonpayment of premium.

We will give at least 60 days notice in all other cases.

Personal Auto Policy (continued)

We may cancel this policy for any reason if the notice is mailed within the first 59 days of the initial policy period. After this policy has been in effect for more than 59 days, or if this is a renewal or continuation policy, we may cancel only for one or more of the following reasons:

1. Nonpayment of premium;
2. If the driver's license or motor vehicle registration of the named insured shown in the Declarations has been under suspension or revocation during the policy period;
3. A determination that the insured has concealed a material fact, or has made a material allegation contrary to fact or has made a misrepresentation of a material fact and that such concealment, allegation or misrepresentation was material to the acceptance of the risk by us; or
4. Any other reason permitted by law.

Our right to cancel this policy is subject to the limitations contained in the applicable Pennsylvania Statutes.

The effective date and time of cancellation stated in the notice shall become the end of the policy period. Any cancellation will be effective for all coverages for all persons and all vehicles.

Nonrenewal

If we decide not to renew or continue this policy, we will mail notice to you:

1. At least 15 days notice before the end of the policy period for nonpayment of premium or if the driver's license of the named insured has been suspended or revoked after the effective date if this policy has been in effect less than one year; or if the policy has been in effect longer than one year, since the last anniversary of the original effective date.
2. At least 60 days notice before the end of the policy period in all other cases. However our right to nonrenew this policy is subject to the limitations contained in the applicable Pennsylvania Statutes.

Automatic Termination

If we offer to renew or continue and you or your representative do not accept, this policy will automatically terminate at the end of the current policy period. If you fail to pay the required renewal or continuation premium when due, this shall mean that you have not accepted our offer. All coverage associated with any vehicle you own will automatically terminate upon the sale or transfer of vehicle ownership.

9. Concealment or Fraud

This policy was issued in reliance on the information provided on your insurance application, including, but not limited to

information regarding license and driving history of you, family members, all persons of driving age residing in your household, the description of the vehicles to be insured, the location of the principal place of garaging, and your place of residence.

We may void this policy at any time during the first 59 days, including after the occurrence of an accident or loss, if you:

1. Made incorrect statements or representations to us with regard to any material fact or circumstance;
2. Concealed any material fact or circumstance, or
3. Engaged in fraudulent conduct;

at the time of the application.

This means that we will not be liable for any claims or damages that would otherwise be covered.

We may deny coverage for an accident or loss if you or any insured person have concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, at the time the application was made or in connection with the presentation or settlement of a claim.

To the extent that we make payments to you under this policy and our subsequent investigation reveals your involvement in fraud or misrepresentation in the presentation of a claim, you must indemnify us for all payments made.

10. Terms Conformed to Statutes

This policy shall be deemed amended to conform to the statutes of the state listed in your application if any provision fails to conform to such statutes. Any dispute as to coverages or the provisions of this policy shall be determined and governed by the law of the state listed in your application as your residence.

11. Coverage Deemed Granted by Out-of-State Statute

If an accident to which this policy applies occurs in any state or province other than the one in which your insured vehicle is principally garaged, and if a statute of that state or province that is applicable to us deems out-of-state automobile or motor vehicle policies issued by us to provide particular forms or limits of coverage not provided for in this policy when your insured vehicle is involved in an accident in that state, then for purposes of that accident only, we will interpret your policy as providing the minimum coverage deemed to be provided, at the minimum amounts permitted by law, and subject to the exclusions set forth in any coverage part of this policy, to the fullest extent permissible by law. All such coverage shall be excess over any other collectible insurance, to the fullest extent permissible by law. Further, our obligation to pay such coverage shall be reduced by other available insurance, to the fullest extent permissible by law. Nothing contained herein constitutes a choice of law provision or consents to the application of the

Personal Auto Policy (continued)

law of any particular state or province. No one will be entitled to duplicate payments for the same elements of loss.

12. Constitutionality Clause

The coverages provided and the premium charged for this policy rely upon Pennsylvania law, including the Motor Vehicle Responsibility Law. If any provisions of the Pennsylvania Motor Vehicle Responsibility Law are declared unconstitutional, we may amend the policy and increase the premium due, subject to the approval of the Insurance Commissioner.

13. Proof of Mailing

We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

14. Policy and/or Filing Fees

A Policy Fee and Filing Fee, if any, as set forth under the Declarations of this policy, applies.

15. Additional Premium Due - Loss Settlement

In the event of additional premium due to the incorrect rating of this policy, we shall have the right to correct the premium in accordance with our published rates and underwriting rules.

16. Notices

We will address all notices, including any cancellation, nonrenewal or termination notice, to your address shown in the Declarations Page. However, under the authority of federal law, the United States Postal Service, its authorized agents or vendors, or we or vendors we retain for the benefit of the United States Postal Service, may forward the notice to an updated address per any change of address that you have presented to or filed with the United States Postal Service. If, after you have presented or filed a change of address with the United States Postal Service, the United States Postal Service instructs or directs us to address mail to the updated address, we may address all notices as instructed or directed by the United States Postal Service.

What to Do in Case of Accident

Notice

In the event of an accident, or loss, notice must be given to us promptly. The notice must give the time, place and circumstances of the accident, or loss, including the names and addresses of injured persons and witnesses.

Additional notice requirements are given under Other Duties.

Other Duties

A person claiming any coverage under this policy must also:

1. Cooperate with us and assist us in any matter concerning a claim or suit.
2. Promptly send us any legal papers received relating to any claim or suit.
3. As required by Pennsylvania law, submit to physical examinations at our expense by doctors we select as often as we may reasonably require.
4. Provide any written proofs of loss we require.
5. Notify police within 24 hours and us within 30 days if a hit-and-run motorist is involved and an uninsured motorist claim is to be filed.
6. If claiming vehicle damage coverage:
 - a. Take reasonable steps after loss to protect the vehicle and its equipment from further loss. We will pay reasonable expenses incurred in providing that protection.
 - b. Promptly report the theft of the vehicle to the police.
 - c. Allow us to inspect and appraise the damaged vehicle before its repair or disposal.
 - d. Allow us, with your consent, to move your damaged vehicle, at our expense, to reduce storage costs.

If you do not give us your consent, we will pay only the storage costs which would have resulted if we had moved your damaged vehicle.
7. Submit to examination under oath and sign a transcript of the same upon our request.
8. Refrain from voluntarily making any payment, assuming any obligation, or incurring any expenses except first aid expenses.

Special Provisions

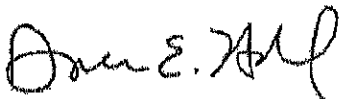
Policy fees which you pay are not part of the premium. They are fully earned when the policy is issued. They are not returnable. However, if we cancel or non-renew your policy during the initial policy period, policy fees will be refunded to you in full.

Personal Auto Policy (continued)

This policy shall not be effective unless countersigned on the Declarations page by a duly authorized representative of the Company named on the Declarations page.

The Company named on the Declarations has caused this policy to be signed by the officers shown below.

MID-CENTURY INSURANCE COMPANY



Secretary



Vice President

farmers.com

Policy Endorsements



Safety Glass - Waiver of Deductible Part IV - Damage to Your Car - Coverage F (J6284 - 1st Edition)

This coverage applies only to the vehicle(s) for which this endorsement is listed on the Declarations page.

It is agreed that if a loss to auto safety glass is repaired rather than replaced, the deductible applying to Coverage F - Comprehensive under Part IV - Damage to Your Car is waived. If the auto safety glass is replaced, the deductible applying to Comprehensive will remain in force.

93-6284 1st Edition 2-07

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.



Policy Endorsements

Additional Equipment Endorsement (J6887 - 1st Edition)

This coverage applies only to the vehicle(s) for which this endorsement is listed on the Declarations page.

In **Part IV - Damage to Your Car, Additional Definitions Used in This Part Only**, the definitions of **additional equipment** and **loss** are deleted and replaced with the following:

Additional equipment means any furnishings or equipment, which is permanently attached to **your insured vehicle** and common to its use, which is not the vehicle's factory available furnishings or equipment.

This includes, but is not limited to:

1. any video, electronic sound reproducing or transmitting equipment, and its component parts, media and data, including but not limited to DVD, Game System or MP3 player;
2. any painted, chrome or finished surface, whether refinished in whole or in part, of any automobile insured under this Part where the claim exceeds the cost of duplicating the vehicle's factory applied surface finish;
3. tires, wheels, rims, spinners, grilles, louvers, side pipes, hood scoops or spoilers or any exterior surface, body or exhaust equipment, or modification thereto, which exceeds the cost of repairing or replacing the vehicle's factory available equipment;
4. any engine, transmission or suspension parts, or modification thereto, which exceeds the cost of repairing or replacing the vehicle's factory available equipment;
5. GPS navigational systems;
6. special carpeting, insulation, wall paneling, furniture or bars;
7. facilities for cooking or sleeping including enclosures or bathroom facilities;
8. height-extending roofs; or
9. custom murals, paintings or other decals or graphics.

Loss means direct and accidental loss of or **damage to your insured vehicle**, including its **additional equipment**, but does not include any decrease in **your insured vehicle's** value, however measured, resulting from the **loss** and / or repair.

Under **Part IV - Damage to Your Car, Limits of Liability, Coverage F - Comprehensive, and Coverage G - Collision**, the following sub-section 3 is added to the first paragraph:

Our limits of liability for **loss** shall not exceed:

3. Up to a total of \$1,000 for repair or replacement of **additional equipment** for any one **loss** event. Multiple items of **additional equipment** lost or damaged in the same event are considered to be one **loss**.

93-6887 1st Edition 9-10

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.



Policy Endorsements

Loss Payable Provisions (J6934 - 1st Edition)

Subject to the Loss Payable Provisions or any other loss payable endorsement attached to the policy, payment for loss thereunder is payable as interest may appear to the named insured and the Lienholder or Other Interest in the Declarations.

Loss Payable Provisions

It is agreed that any payment for loss or damage to the vehicle described in this policy shall be made on the following basis:

- (1) At our option, loss or damage shall be paid as interest may appear to the policyholder and the lienholder shown in the Declarations, or by repair of the damaged vehicle.
- (2) Any act or neglect of the policyholder or a person acting on his behalf shall not void the coverage afforded to the lienholder.
- (3) Change in title or ownership of the vehicle, or error in its description shall not void coverage afforded to the lienholder.

The policy does not cover conversion, embezzlement or secretion of the vehicle by the policyholder or anyone acting in his behalf while in possession under a contract with the lienholder.

A payment may be made to the lienholder which we would not have been obligated to make except for these terms. In such event, we are entitled to all the rights of the lienholder to the extent of such payment. The lienholder shall do whatever is necessary to secure such rights. No subrogation shall impair the right of the lienholder to recover the full amount of its claim.

We reserve the right to cancel this policy at any time as provided by its terms. In case of cancellation or lapse we will notify the lienholder at the address shown in the Declarations. We will give the lienholder advance notice of not less than 10 days from the effective date of such cancellation or lapse as respects his interest. Mailing notice to the loss payee is sufficient to effect cancellation.

The following applies as respects any loss adjusted with the mortgagee interest only:

- (1) Any deductible applicable to Comprehensive Coverage shall not exceed \$250.
- (2) Any deductible applicable to Collision Coverage shall not exceed \$250.



Policy Endorsements

Farmers Auto Rewards Endorsement (J7204 - 2nd Edition)

This endorsement outlines a new set of policy features that have been added to your auto policy. These benefits have been added at no additional charge, and are earned based on your length of time with Mid-Century Insurance Company and your claims experience. You currently qualify for the benefits indicated with a check mark ☒ below. Thank you for choosing Farmers!

☒ **Accident Forgiveness**

After existing covered drivers on your policy earn this benefit, we will waive one **accident** that would have otherwise caused your premium to increase. This benefit can be used multiple times over the life of this policy, but will only apply to one **accident** at any given time. A subsequent **accident** would only cause an increase in your premium if it occurs within three years of the **accident** that has been forgiven.

This benefit will forgive one **accident** regardless of the number of insured vehicles or drivers. This benefit only applies for the policy number listed below, and requires that the policy is in force and has not cancelled or lapsed due to nonpayment.

At the time of adding any new driver to this policy as a covered driver, any associated and/or assigned accidents which occurred prior to that driver being added to the policy will not be waived.

☒ **Incident Forgiveness**

We agree to waive qualified incidents on this policy. This benefit is earned on the insured's first policy renewal. The policy Declarations Page will show Incident Forgiveness once it has been earned.

1. Incidents are defined as minor traffic violations. The Incident Forgiveness benefit provides that all the insured's subsequent minor traffic violations referred to as incidents that occur while the covered driver is insured with the company under the policy for which this endorsement is listed will be waived and not be used to determine the renewal premium.
2. Any new minor traffic violations that occur after the new business effective date for covered drivers will not be counted in determining the renewal premium.
3. At the time of adding any new driver to this policy as a covered driver, any traffic violations which occurred prior to that driver being added to the policy will not be waived.

At your request, your agent can provide you with a list of incidents we consider minor violations.

☒ **Guaranteed Renewal**

We will not cancel or non-renew your policy for claims activity as long as you continue to pay premiums when due. Additionally, we agree to renew this policy as long as:

1. You continue to reside in the state this policy was issued;
2. All drivers in your household hold valid driver's licenses or driver authorization cards (DAC);
3. No changes to the named insured(s) shown on the Declarations Page as of the date of issue of the endorsement can be made once this endorsement is in place. If a change is required to the named insured(s), the benefit will no longer apply;
4. You have a signed and approved Subscription Agreement on file with Farmers (if required to purchase a policy in your state);
5. There is no intentional misrepresentation of information you provide to us to rate and service your policy.

Policy Endorsements (continued)

At each policy renewal, you may select from those coverages which continue to be available from the member company of the Farmers Insurance Group of Companies which issued this policy. The coverage provided is described in your policy, including any revisions that are made to it.

93-7204 2nd Edition 12-15

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

Policy Endorsements



Important Notice to Policyholders Regarding Changes to Your Policy Provisions

Endorsement PA032, 1st Edition entitled Rideshare Exclusion Endorsement

The Rideshare Exclusion Endorsement is now attached and is part of your policy contract.

As permitted by the laws in your state, this endorsement excludes all coverage under this auto policy in its entirety while your insured car is used as part of a personal or commercial rideshare program.

This notice is not a part of your insurance policy contract. It is intended only to alert you to revisions of your policy contract. Please review your policy contract and Endorsement PA032. If there is any discrepancy between this notice and the policy contract (including its endorsements) the provisions of the policy contract (including its endorsements) take precedence.

Rideshare Exclusion Endorsement - Pennsylvania (PA032 - 1st Edition)

This Endorsement amends your Personal Auto Policy. Please read it carefully.

The following exclusion is added to your policy:

Rideshare Exclusion Applicable To All Coverages

We do not provide coverage under this policy for any accident that occurs while your insured vehicle is being used in a **Personal Car Sharing Program**, a **Commercial Ridesharing Program**, any **prearranged ride**, or a similar arrangement.

The following definitions are added to your policy:

Commercial Ridesharing Program means an arrangement or activity through which persons or property is transported for compensation, regardless of the amount or form of compensation charged or paid and includes the time:

1. Commencing when a driver of a **private passenger vehicle** is available to accept transportation requests for passengers or property for compensation.
2. Between the driver accepting a transportation request and the passengers or property entering into or being loaded upon the **private passenger vehicle** used for this request;
3. Passengers or property are in or upon the **private passenger vehicle** used for this request; and
4. Between the passengers or property exiting or unloading from the **private passenger vehicle** and the driver is no longer available to accept transportation requests.

Personal Car Sharing Program, means a business in which persons or legal entities are engaged in the business of facilitating the sharing of **private passenger vehicles** for temporary use by individuals.

Prearranged Ride, means a period of time that begins when a driver accepts a transportation request through a digital network or similar connection and continues while the driver transports the rider in a **private passenger vehicle**, and ends when the rider departs from the **private passenger vehicle**.

Policy Endorsements (continued)

Subsection 4 is added to the definition of **Insured Person** does not mean in **Part I – Liability, Additional Definitions Used in This Part Only**:

4. **Insured person** does not mean: Any person while **occupying**, operating or using a vehicle that is available for hire or while using a vehicle that is part of a **Personal Car Sharing Program, Commercial Ridesharing Program** or similar arrangement.

The following paragraph is added to the definition of **Insured Person** in **Part II – Uninsured Motorist/Underinsured Motorist, Additional Definitions**:

Insured person does not mean: Any person while operating a vehicle that is available for hire or while using a vehicle that is part of a **Personal Car Sharing Program, Commercial Ridesharing Program** or similar arrangement.

The following paragraph is added to the definition of **Insured Person** in **Part III – First Party Benefits Coverage, Additional Definitions**:

Insured person does not mean: Any person while operating a vehicle that is available for hire or while using a vehicle that is part of a **Personal Car Sharing Program, Commercial Ridesharing Program** or similar arrangement.

The following Condition is added to your policy:

You must disclose to us your participation, as either a driver or vehicle owner, in any **Personal Car Sharing Program, Commercial Ridesharing Program**, or other similar arrangement. Failure to do so may result in the rescission, cancellation or nonrenewal of your policy. This duty does not apply to a share-the-expense car pool.

94-2944 1st Edition 5-15

This endorsement is a part of the policy. It changes the policy so please read it carefully. All other terms and conditions of the policy continue to apply.
